



PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
PARADIS, LOUISIANA

FINANCIAL REPORT

As of and for the Year Ended December 31, 2013



(A Professional Corporation)
164 West Main Street, Thibodaux, LA 70301
South end of Canal Boulevard
(985) 447-8507 Fax (985) 447-4833
kearnscpa@kearnscpa.com

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.

Paradis, Louisiana

FINANCIAL REPORT

As of and for the year ended December 31, 2013

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PARADIS VOLUNTEER FIRE DEPARTMENT, INC.

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Paradis Volunteer Fire Department, Inc.
Paradis, Louisiana**

We have audited the accompanying financial statements of the government activities, each major fund, and the aggregate remaining fund information of the Paradis Volunteer Fire Department, Inc. (the department) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, each major fund, and the aggregate remaining fund information of the Paradis Volunteer Fire Department, Inc., as of December 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

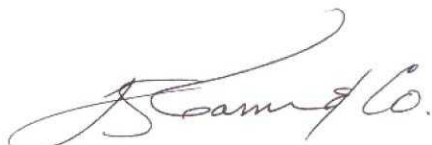
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2014, on our consideration of the department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the department's internal control over financial reporting and compliance.



Thibodaux, Louisiana
June 20, 2014

Required Supplemental Information

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.

Paradis, Louisiana

Management's Discussion and Analysis For the year ended December 31, 2013

Our discussion and analysis of the Paradis Volunteer Fire Department, Inc.'s (the department) financial performance provides an overview of the department's financial activities for the fiscal year ended December 31, 2013. Please read it in conjunction with the department's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- The department's assets exceeded its liabilities at the close of 2013 by \$1,284,241.
- Cash and investments increased by \$56,022 or 16.3% from the prior year.
- Net position increased by \$5,936 or 0.46% from the prior year.
- The department's revenues totaled \$328,016 for the year ended December 31, 2013. These revenues are comprised primarily of taxes, state revenue sharing, fire insurance rebates and interest income. Revenues decreased by \$20,892 or 6.0% in comparison to the prior year.
- The department's expenses totaled \$322,080 for the year ended December 31, 2013. These expenses are comprised primarily of personnel services and operating services. Expenses decreased by \$13,644 or 4.1% in comparison to the prior year.

USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities found on pages 9 and 10 provides information about the financial activities of the department and illustrate a longer-term view of the department's finances. Fund financial statements start on page 11. For governmental-type activities, these statements illustrate how these services were financed in the short-term and what remains for future spending. Fund financial statements also report the department's operations in more detail than the government-wide sections of the statements by providing information about the department's significant funds.

A. REPORTING ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

1. The Statement of Net Position and the Statement of Activities

The government-wide financial statements present financial information for all activities of the department from an economic resource measurement focus using the accrual basis of accounting. They present governmental activities, such as general government, separately from business-type activities. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the department's net position and the change in them. These net position, the difference between the assets and the liabilities, are one way to measure the department's financial position or financial health. Over time, increases or decreases in the department's net position are one indicator of whether its financial health is improving or deteriorating.

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.

Paradis, Louisiana

Management's Discussion and Analysis
For the year ended December 31, 2013

B. REPORTING ON THE DEPARTMENT'S MOST SIGNIFICANT FUNDS

1. Fund Financial Statements

The fund financial statements provide detailed information about the department's governmental funds. All of the department's expenditures, are reported in governmental funds, which focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual method, which measures cash and all other financial assets that could readily converted to cash. The governmental fund statements provide a detailed short-term view of the department's general operations and the expense paid from these funds. The information in the governmental funds helps determine if there are more or less financial resources to finance future department expenses. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds in reconciliation's on pages 13 and 14.

AN ANALYSIS OF THE DEPARTMENT USING GOVERNMENT-WIDE FINANCIAL STATEMENTS

A. STATEMENT OF NET POSITION

The following amounts reflect condensed information on the department's net position:

| | <u>2013</u> | <u>2012</u> |
|---|--------------------|--------------------|
| Assets | | |
| Current assets | \$ 623,150 | \$ 564,109 |
| Capital assets, net of accumulated depreciation | <u>1,267,693</u> | <u>1,400,366</u> |
| Total assets | <u>1,890,843</u> | <u>1,964,475</u> |
| Liabilities | | |
| Current liabilities | 85,116 | 87,793 |
| Long-term liabilities | <u>521,486</u> | <u>598,377</u> |
| Total liabilities | <u>606,602</u> | <u>686,170</u> |
| Net Assets | | |
| Investment in capital assets, net of related debt | 669,312 | 732,135 |
| Unrestricted | <u>614,929</u> | <u>546,170</u> |
| Total net assets | <u>\$1,284,241</u> | <u>\$1,278,305</u> |

- Current assets for the year increased by \$59,041 or 10.5%. This increase is largely attributable to cash and cash investments increase of \$56,022.
- At the end of the year, the department had noncurrent assets of \$1,267,693. This was comprised of \$2,854,278 of depreciable capital assets net of \$1,586,585 accumulated depreciation.

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.

Paradis, Louisiana

Management's Discussion and Analysis For the year ended December 31, 2013

- During the year, the department purchased \$8,984 in capital assets, including a new headset for Unit 617, an antenna tower and a new laptop. There were no asset dispositions.
- Total current liabilities at the end of the year were \$85,116. This reflects a \$2,677 or 3.0% decrease from the prior year. This decrease is due to a current year decrease in accounts payable.
- Total long term liabilities at the end of the year were \$521,486. This reflects a \$76,891 or 12.8% decrease from the prior year. This is due to the current year note payable payments.
- The department's note payable balance is \$598,377; of which \$76,891 is due in less than 1 year and \$521,486 is due in more than 1 year. Principal and interest totaling \$110,449 were paid during the year.

B. STATEMENT OF ACTIVITIES

The following table illustrates the revenues and expenses that produced the increase in net position for the fiscal year:

| | <u>2013</u> | <u>2012</u> |
|---------------------------------|---------------------|---------------------|
| Revenue | | |
| General revenue | \$ 328,016 | \$ 348,908 |
| Total revenue | 328,016 | 348,908 |
| Expenses | | |
| Public safety - fire protection | 322,080 | 335,724 |
| Total expenses | 322,080 | 335,724 |
| Change in net position | 5,936 | 13,184 |
| Net position: | | |
| Beginning of the year | 1,278,305 | 1,265,121 |
| End of the year | <u>\$ 1,284,241</u> | <u>\$ 1,278,305</u> |

- Total revenue for the year was \$328,016. This amount is \$20,892 or 6.0% lower than last year. This decrease is attributable to a decrease in sales tax revenue received.
- Total expenses for the year were \$322,080. This amount is \$13,644 or 4.1% lower than last year. This decrease is attributable to a slight decrease across all expenditures.
- Based upon the operation of 2013, the department's net position increased by \$5,936 and resulted in ending net position of \$1,284,241.

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.

Paradis, Louisiana

Management's Discussion and Analysis For the year ended December 31, 2013

GOVERNMENTAL FUND

The department uses funds to help control and manage money for particular purposes. At the completion of the year, the department's governmental fund reported a fund balance of \$415,457. This reflects an increase of \$53,619 from last year.

CAPITAL ASSETS AND LONG-TERM DEBT

The department purchased a new headset for Unit 617, an antenna tower and a new laptop at a total cost of \$8,984. There were no assets disposed of. Depreciation expense was \$141,663.

During the year, the department paid \$28,843 towards the principal balance on the loan made for renovations to the fire station and \$41,014 on the loan for the fire truck. Total interest paid on notes payable for the year was \$33,413. The department's note payable balance at December 31, 2013 is \$598,377. (See Notes 4 and 5 on pages 21 and 22 for more information.)

ECONOMIC FACTORS AND NEXT YEARS BUDGET

Because the department is a quasi-public entity it is not required to prepare a budget for public inspection. However, key factors in the 2014 budget include:

- Unit 621 will be sold, and a new unit will be purchased to replace it. The department will finance about half of the cost of the new unit. The expected financed amount is \$150,300.
- \$10,000 was added to the budget for renovations to the station.
- The budget for 2014 does not show any other significant changes from the 2013 budget.

CONTACTING THE FIRE DEPARTMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the department's finances and to show the department's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Ms. Angela Dufrene, Treasurer, P.O. Box 1489, Paradis, Louisiana 70080.

CLOSING COMMENTS

The department continues to closely monitor the use of its funds to ensure that the funds are spent wisely. We are very proud of the progress that has been made throughout the parish in fire protection to all our citizens.

Basic Financial Statements

Government-Wide Financial Statements

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
Paradis, Louisiana

Statement of Net Position
December 31, 2013

| | Governmental Activites |
|---|-----------------------------------|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 399,049 |
| Receivables: | |
| Ad valorem taxes | 204,639 |
| Sales taxes | 19,462 |
| Total current assets | 623,150 |
| Fixed assets: | |
| Capital assets, net of accumulated depreciation | 1,267,693 |
| Total fixed assets | 1,267,693 |
| Total assets | 1,890,843 |
| LIABILITIES | |
| Current liabilities | |
| Accounts payable - vendors | 2,306 |
| Accrued interest payable | 5,171 |
| Accrued payroll and related expenses | 748 |
| Current portion of long-term liabilities | 76,891 |
| Total current liabilities | 85,116 |
| Long-term liabilities | |
| Due in more than one year | 521,486 |
| Total long-term liabilities | 521,486 |
| Total liabilities | 606,602 |
| NET POSITION | |
| Investment in capital assets, net of related debt | 669,312 |
| Unrestricted | 614,929 |
| Total net position | \$ 1,284,241 |

The accompanying notes are an integral part of this statement.

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
Paradis, Louisiana

Statement of Activities
For the Year Ended December 31, 2013

| | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|--------------------------------------|-------------------|----------------------------|--|--------------------------------------|--|
| | | Charges for Services | Operating Grants & Contributions | Capital Grants & Contributions | |
| Expenses: | | | | | |
| Governmental activities: | | | | | |
| Public safety - fire protection: | | | | | |
| Salaries and related benefits | \$ 4,398 | \$ - | \$ - | \$ - | \$ (4,398) |
| Repairs and maintenance | 20,112 | - | - | - | (20,112) |
| Professional fees | 4,956 | - | - | - | (4,956) |
| Insurance | 32,179 | - | - | - | (32,179) |
| Fuel | 6,075 | - | - | - | (6,075) |
| Supplies and materials | 15,471 | - | - | - | (15,471) |
| Utilities and telephone | 16,074 | - | - | - | (16,074) |
| Personnel | 33,872 | - | - | - | (33,872) |
| Fire prevention | 2,011 | - | - | - | (2,011) |
| Dues and subscriptions | 1,371 | - | - | - | (1,371) |
| Office expense | 2,269 | - | - | - | (2,269) |
| Installation of officers | 2,249 | - | - | - | (2,249) |
| Meals | 5,556 | - | - | - | (5,556) |
| Miscellaneous | 411 | - | - | - | (411) |
| Depreciation expense | 141,663 | - | - | - | (141,663) |
| Interest expense | 33,413 | - | - | - | (33,413) |
| Total governmental activities | \$ 322,080 | \$ - | \$ - | \$ - | \$ (322,080) |

General Revenues:

| | |
|-----------------------|------------|
| Ad valorem tax | \$ 195,759 |
| Sales tax | 120,726 |
| Fire insurance rebate | 9,230 |
| Interest income | 890 |
| Miscellaneous income | 1,411 |

Total general revenues 328,016

Change in net position 5,936

Net position:

Beginning of the year 1,278,305

End of the year \$ 1,284,241

Basic Financial Statements

Fund Financial Statements

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
Paradis, Louisiana

Balance Sheet - Governmental Funds
December 31, 2013

| | General Fund | Non-Major Fund | Totals |
|---|-------------------------|---------------------------|-------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 388,449 | \$ 10,600 | \$ 399,049 |
| Receivables: | | | |
| Ad valorem taxes | 204,639 | - | 204,639 |
| Sales taxes | 19,462 | - | 19,462 |
| Total assets | \$ 612,550 | \$ 10,600 | \$ 623,150 |
| LIABILITIES AND FUND EQUITY | | | |
| Liabilities | | | |
| Accounts payable - vendors | 2,306 | - | 2,306 |
| Accrued payroll and related expenses | 748 | - | 748 |
| Deferred revenue | 204,639 | - | 204,639 |
| Total liabilities | \$ 207,693 | \$ - | \$ 207,693 |
| Fund equity and other credits | | | |
| Fund balance: | | | |
| Unreserved - unassigned | 404,857 | 10,600 | 415,457 |
| Total fund equity and other credits | 404,857 | 10,600 | 415,457 |
| Total liabilities, fund equity and other credits | \$ 612,550 | \$ 10,600 | \$ 623,150 |

The accompanying notes are an integral part of this statement.

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
Paradis, Louisiana

Statement Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2013

| | General Fund | Non-Major Fund | Totals |
|---|-------------------------|---------------------------|-------------------|
| Revenues | | | |
| Ad valorem tax | \$ 187,800 | \$ - | \$ 187,800 |
| Sales tax | 120,726 | - | 120,726 |
| Fire insurance rebate | 9,230 | - | 9,230 |
| Interest | 868 | 21 | 889 |
| Other revenue | 811 | 600 | 1,411 |
| Total revenues | 319,435 | 621 | 320,056 |
| Expenditures | | | |
| Current: | | | |
| Repairs and maintenance | \$ 20,112 | \$ - | \$ 20,112 |
| Professional fees | 4,956 | - | 4,956 |
| Insurance | 32,179 | - | 32,179 |
| Fuel | 6,075 | - | 6,075 |
| Supplies and materials | 15,471 | - | 15,471 |
| Utilities and telephone | 16,074 | - | 16,074 |
| Personnel | 33,872 | - | 33,872 |
| Fire prevention | 2,011 | - | 2,011 |
| Salaries and payroll taxes | 4,398 | - | 4,398 |
| Dues and subscriptions | 1,371 | - | 1,371 |
| Office expense | 2,269 | - | 2,269 |
| Installation of officers | 2,049 | 200 | 2,249 |
| Meals | 5,122 | 434 | 5,556 |
| Miscellaneous | - | 411 | 411 |
| Capital Outlay: | | | |
| Equipment purchase | 8,984 | - | 8,984 |
| Retirement of Long-Term Debt: | | | |
| Principal retirement | 69,857 | - | 69,857 |
| Interest | 40,592 | - | 40,592 |
| Total expenditures | 265,392 | 1,045 | 266,437 |
| Excess of revenues over/(under) expenditures | 54,043 | (424) | 53,619 |
| Beginning of year | 350,814 | 11,024 | 361,838 |
| End of year | <u>\$ 404,857</u> | <u>\$ 10,600</u> | <u>\$ 415,457</u> |

The accompanying notes are an integral part of this statement.

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
Paradis, Louisiana

**Reconciliation of the Governmental Fund Balance Sheet to the
Government-Wide Statement of Net Position
December 31, 2013**

| | |
|--|------------|
| Total Fund Balances - Governmental Funds | \$ 415,457 |
|--|------------|

Amounts reported for governmental activities in the Statement of
Net Position are different because:

| | |
|---|-----------|
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet | 1,267,693 |
|---|-----------|

| | |
|--|---------|
| Ad valorem taxes will be collected after year end; but, they are not available soon enough to pay for the current period expenditures; therefore they are reported as deferred revenue in the fund financial statements. | 204,639 |
|--|---------|

Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

| | |
|--------------------------|---------|
| Accrued interest payable | (5,171) |
|--------------------------|---------|

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet. All liabilities both current and long-term are reported in the Statement of Net Position

| | |
|---------------|------------------|
| Notes payable | <u>(598,377)</u> |
|---------------|------------------|

| | |
|--|----------------------------|
| Total Net Position - Governmental activities | <u><u>\$ 1,284,241</u></u> |
|--|----------------------------|

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
Paradis, Louisiana

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the year ended December 31, 2013**

| | |
|--|-----------|
| Net Change in Fund Balances - Governmental Funds | \$ 53,619 |
|--|-----------|

Amounts reported for governmental activities in the Statement of
Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

| | | |
|--------------------------|------------------|-----------|
| Capital assets purchased | \$ 8,984 | |
| Depreciation expense | <u>(141,663)</u> | (132,679) |

| | |
|--|-------|
| Ad valorem tax revenue in the statement of activities that do not provide current resources is not reported as revenue in the fund financial statements. | 7,959 |
|--|-------|

| | |
|---|--------|
| Governmental funds report debt service payments as expenditures. However, repayment of principle indebtedness reduces long-term reduces long-term liabilities in the statement of net assets instead of being an expense. This is the amount of principal repayments in the current year. | 69,857 |
|---|--------|

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

| | |
|------------------------------------|--------------|
| Change in accrued interest payable | <u>7,180</u> |
|------------------------------------|--------------|

| | |
|--|-----------------|
| Change in Net Position - Governmental activities | <u>\$ 5,936</u> |
|--|-----------------|

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
PARADIS, LOUISIANA

Notes to the Financial Statements
As of and for the year ended December 31, 2013

INTRODUCTION

The Paradis Volunteer Fire Department, Inc. (the department) was organized as a non-profit corporation as defined by Revised Statutes of Louisiana Title 12, Section 101 (8). The department is exempt from Federal income tax under section 501(c)(4) of the Internal Revenue Code. Its objective is to provide fire protection to the Parish of St. Charles.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The Department's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Department are discussed below.

B. Reporting entity

The Department receives funding from local and state government sources and must comply with the same requirements of these funding source entities. However, the Department is a "primary government" and is not included as a component unit of any other St. Charles Parish governmental "reporting entity" as defined in GASB pronouncements, since the entity is a non-profit corporation, and the board members have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The Department includes all activities that are controlled by it as a quasi-public non-profit corporation organized to provide fire protection to the Parish of St. Charles. The Department has no component units.

The accounting and reporting policies of the Department conform to generally accepted accounting principles as applicable to governmental units.

C. Basic Financial Statements - Government-wide Statements

The department's basic financial statements include both government-wide (reporting the department as a whole) and fund financial statements (reporting the department's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The department's general fund and private contributions fund are its only funds and are classified as governmental funds. The department has no business-type activities.

In the government-wide Statement of Net Positions (Statement A), the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The department's net position is

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
PARADIS, LOUISIANA

Notes to the Financial Statements
As of and for the year ended December 31, 2013

reported in two parts—invested in capital assets, net of related debt and unrestricted net position.

The government-wide Statement of Activities (Statement B) reports both the gross and net cost of the department's function. General government revenues (1/8 cent sales tax and ad valorem tax) support the function. The department does not receive related program revenues, which would reduce gross expenses in the Statement of Activities.

This government-wide focus is more on the sustainability of the department as an entity and the change in the department's net position resulting from the current year's activities.

D. Basic Financial Statements - Fund Financial Statements

The department uses funds to report on its financial position and the result of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. Funds of the department are classified as governmental. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the department or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type. The non-major funds are summarized by category or fund type into a single column in the fund financial statements. This category, in turn, is divided into separate fund types. The fund classifications and descriptions of the existing funds follow:

Governmental Funds

Governmental funds account for the department's entire general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations.

The governmental funds of the department include the general fund and private contributions fund. A description of these follows.

General Fund

The general fund is the operating fund of the department and accounts for all financial resources, except those required to be accounted for in other funds.

Private Contributions Fund

The private contributions fund accounts for private contributions made to the department, along with related revenues. This fund does not account for taxpayer funds. The fund also accounts for expenditures made from those financial resources.

E. Basis of Accounting / Measurement Focus

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
PARADIS, LOUISIANA

Notes to the Financial Statements
As of and for the year ended December 31, 2013

the measurements made regardless of the measurement focus applied.

Accrual:

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

The department's records are maintained on the cash basis of accounting. However, the General Fund reported in the accompanying financial statements has been converted to a modified accrual basis of accounting utilizing the following practices in recording revenues and expenditures:

Revenues

Sales taxes are recorded in the month the taxes are collected by the St. Charles Parish School Board. Sales taxes become payable to the St. Charles Parish School Board on the first day of the month and become delinquent on the 20th day of the month following incurrence of the taxes by businesses.

An ad valorem issue is dedicated to the operations of the nine volunteer fire departments in St. Charles Parish. The tax millage expires in 2019. Each department is to receive one ninth of annual collections. Taxes levied in November each year are available for expenditures in the subsequent year.

Interest income on investments is recorded when the investments have matured and income is available.

All other revenues are recorded when received.

The majority of the department's revenues are derived from the one-eighth of one percent sales tax and the ad valorem tax for operations.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

F. Budgets and Budgetary Accounting

The Department was not required to prepare a budget for the year ended December 31, 2013.

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
PARADIS, LOUISIANA

Notes to the Financial Statements
As of and for the year ended December 31, 2013

G. Cash and Cash Equivalents

Under state law, the department may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Cash and cash equivalents, which include interest bearing demand deposit accounts and certificates of deposit with an original maturity of less than 90 days, are stated at cost, which approximates fair market value.

H. Investments

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

The department's only investments are certificates of deposit, with an original maturity of greater than 90 days, which are stated at cost, which approximates market. Investments in certificates of deposit are reported at cost because they are "nonparticipating" interest-earning investment contracts as discussed in GASB 31. The term "nonparticipating" means that the investment value does not vary with market interest rate changes. Investments which include securities traded on a national or international exchange are valued based on their last reported sales price (fair value). Investments that do not have an established market are reported at estimated fair value.

I. Receivables

The financial statements of the department do not contain an allowance for uncollectible receivables because management believes all amounts will be collected. However, if management becomes aware of information that would change its assessment about the collectibility of any receivable, management would write off the receivable as a bad debt at that time.

J. Inventories

Physical inventories consist of expendable supplies held for consumption. Because inventories are expended within one operating cycle they are recorded as expenditures when paid for and are not recorded as an inventory asset.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Donated assets are reported at fair market value as

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
PARADIS, LOUISIANA

Notes to the Financial Statements
As of and for the year ended December 31, 2013

of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

| <u>Description</u> | <u>Estimated Lives</u> |
|-----------------------|------------------------|
| Buildings | 40 years |
| Building improvements | 10-40 years |
| Equipment | 5-15 years |
| Vehicles | 5-15 years |

In the fund financial statements, capital assets used in the department's operations are accounted for as capital outlay expenditures of the governmental fund that provided the resources to acquire the assets. Depreciation is not computed or recorded on capital assets for purposes of the fund financial statements.

M. Long-Term Obligations

In the government-wide financial statements, debt and principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Position. In the fund financial statements, however, debt and principal payments of governmental funds are recognized as expenditures when paid.

N. Net Position/Fund Balances

In the Government Wide Financial Statements, the difference between a government's assets and liabilities is recorded as net position. The three components of net position are as follows:

Invested in Capital Assets, Net of Related Debt

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowing attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Position

Net position that is restricted by external sources such as creditors, grantors, contributors, or by law through either enabling legislation or constitutional provisions is reported separately as restricted net position. When assets are required to be retained in perpetuity, this non-expendable net position is recorded separately from expendable net position. This is components of restricted net position.

Unrestricted Net Position

All other net positions that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund financial statements, governmental fund equity is classified as fund balance. As such, fund balance of the governmental fund is classified as follows:

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
PARADIS, LOUISIANA

Notes to the Financial Statements
As of and for the year ended December 31, 2013

Nonspendable

Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted

Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed

Amounts that can be used only for specific purposes determined by a formal decision of the Board of Commissioners.

Assigned

Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned

All other spendable amounts.

NOTE 2. CASH AND CASH EQUIVALENTS

At December 31, 2013, the department has demand deposits and certificates of deposit (book balances) totaling \$399,049, as follows:

| <u>Cash & Cash Equivalents</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Interest Rate</u> | <u>Maturity</u> | <u>Credit Risk Category</u> |
|---------------------------------------|-------------------|-------------------|----------------------|-----------------|-----------------------------|
| Cash: | | | | | |
| First National Bank *U*S*A - Checking | \$ 194,050 | \$ 194,050 | 0.10% | Demand | Category 3 |
| First National Bank *U*S*A - Savings | 94,398 | 94,398 | 0.10% | Demand | Category 3 |
| Capital One Bank - Checking | 10,601 | 10,601 | 0.20% | Demand | Category 1 |
| Certificates of Deposit: | | | | | |
| First Nat'l Bank *U*S*A CD – 11 | 50,000 | 50,000 | 0.50% | 9/4/2014 | Category 3 |
| First Nat'l Bank *U*S*A CD – 12 | 50,000 | 50,000 | 0.50% | 9/4/2014 | Category 3 |
| Total Cash & Investments | <u>\$ 399,049</u> | <u>\$ 399,049</u> | | | |

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
PARADIS, LOUISIANA

Notes to the Financial Statements
As of and for the year ended December 31, 2013

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities must be held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At year-end, the total balances of the department's checking accounts (bank balances) and certificates of deposits at the two institutions that the department holds have accounts that totaled \$403,524. Of the bank balances, \$260,601 was secured by FDIC insurance (Category 1). The remaining balances were secured by pledged securities of \$230,000 held at First National Bank for the benefit of the department (Category 3) to thereby reduce their credit risks.

NOTE 3. RECEIVABLES

The receivables at December 31, 2013, consisted of ad valorem taxes in the amount of \$204,639 and sales taxes in the amount of \$19,462.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, was as follows:

| | Balance at 12/31/2012 | Additions | Deletions | Balance at 12/31/2013 |
|--|--------------------------|--------------|-----------|--------------------------|
| Capital assets being depreciated: | | | | |
| Equipment | \$ 538,756 | \$ 8,984 | - | \$ 547,740 |
| Buildings | 970,045 | | | 970,045 |
| Vehicles | 1,336,493 | | | 1,336,493 |
| Total capital assets being depreciated | 2,845,294 | 8,984 | - | 2,854,278 |
| Less: accumulated depreciation | (1,444,922) | (141,663) | - | (1,586,585) |
| Total capital assets being depreciated, net | 1,400,372 | (132,679) | - | 1,267,693 |
| Total capital assets, net | \$ 1,400,372 | \$ (132,679) | - | \$ 1,267,693 |

Depreciation expense for the year was \$141,663.

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
PARADIS, LOUISIANA

Notes to the Financial Statements
As of and for the year ended December 31, 2013

NOTE 5. LONG-TERM DEBT

A summary of the changes in general long-term debt obligations of the department is as follows:

| | |
|---|-------------------|
| Long-term obligations payable at December 31, 2012 | \$ 668,234 |
| Additions | - |
| Reductions | <u>(69,857)</u> |
| Long-term obligations payable at December 31, 2013 | <u>\$ 598,377</u> |

On June 19, 2003, the department entered into a loan for renovations and additions to the central fire station in the amount of \$815,280. The department has pledged as collateral, its excess of annual revenues above statutory, necessary and usual charges in each of the fiscal years during which the debt is outstanding. Interest on the loan is calculated at 5%. The note will mature in February 2027.

During the year, the department paid \$28,843 of principal which left the balance of the loan at \$551,825 at year-end. Interest expense on the loan for the year was \$28,771.

On May 1, 2008, the department obtained financing for the purchase of a new ladder truck. The total cost of the truck was \$531,305. The amount financed was \$222,260. Interest on the loan is 13% with a maturity date of May 2014 and payments of \$52,835 due annually.

During the year, the department paid \$41,014 of principal which left the balance of the loan at \$46,552 at year-end. Interest expense on the loan for the year was \$11,821.

The department has total required principal payments due in less than 1 year of \$76,891 in more than 1 year of \$521,486.

The schedule of payments for the duration of both notes is shown below:

| Year ending December 31, | Principal | Interest | Total Debt Service Requirement |
|-----------------------------|-------------------|-------------------|-----------------------------------|
| 2014 | 76,891 | 33,558 | 110,449 |
| 2015 | 31,914 | 25,700 | 57,614 |
| 2016 | 33,500 | 24,114 | 57,614 |
| 2017 | 35,308 | 22,306 | 57,614 |
| 2018 | 37,140 | 20,474 | 57,614 |
| 2019 - 2023 | 216,631 | 71,438 | 288,069 |
| 2024 - 2028 | 166,993 | 14,025 | 181,018 |
| | <u>\$ 598,377</u> | <u>\$ 299,182</u> | <u>\$ 1,030,888</u> |

The department had no short-term debt in 2013.

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
PARADIS, LOUISIANA

Notes to the Financial Statements
As of and for the year ended December 31, 2013

NOTE 6. AD VALOREM TAX

Effective July 21, 1990, the voters of St. Charles Parish approved a property tax millage in the amount of 1.6 mills. This tax is collected by the St. Charles Parish Sheriff to be used for the fire protection of the Parish of St. Charles. The funds are distributed to the nine individual fire departments of the St. Charles Parish Firemen's Association, Inc. by the parish's Department of Finance. The department's share of the total property tax for the year ended December 31, 2013 was \$195,759 paid at a millage rate of 1.55.

The St. Charles Parish Assessor levies the ad valorem tax each year on November 15 based upon the assessed value, less homestead exemptions. The 1st day of January preceding the annual levy date (Nov. 15th) is used as the date to value the property subject to tax. The tax becomes due on November 15 and is considered delinquent if not paid by December 31. Most of the property tax revenues are collected during the months of December, January, and February.

Government-wide financial statements

Ad valorem tax revenue is recognized in the year for which the taxes are levied. Revenue is recognized as the current year's assessment less the uncollected portion of the prior year's assessment.

Fund financial statements

The department does not consider the current year's assessment to be "available" for current year expenditures and budgets the revenue to be used in the year following the assessment, when the majority of the taxes are actually collected.

NOTE 7. FIRE PROTECTION CONTRACT

Effective March 1, 1980, sales tax in the amount of one-eighth of one percent is collected by the St. Charles Parish School Board and administered by the Parish President. The sales tax is to be used for the fire protection of the Parish of St. Charles. The funds are distributed monthly by the Parish President to the individual fire departments of the St. Charles Parish Firemen's Association, Inc. Effective April 4, 2011 (Ord#11-4-4), the sales tax is distributed on the following basis:

| Department | Basis | Funds |
|--|---------|--------|
| Bayou Gauche Volunteer Fire Dept., Inc. | \$2,500 | 3.78% |
| Des Allemands Volunteer Fire Dept., Inc. | \$2,500 | 4.10% |
| East Side St. Charles Volunteer Fire Dept., Inc. | \$2,500 | 22.72% |
| Hahnville Volunteer Fire Dept., Inc. | \$2,500 | 7.00% |
| Killona Volunteer Fire Dept. Inc. | \$2,500 | 1.47% |
| Luling Volunteer Fire Dept., Inc. | \$2,500 | 30.85% |
| Norco Area Volunteer Fire Dept., Inc. | \$2,500 | 9.81% |
| Paradis Volunteer Fire Dept., Inc. | \$2,500 | 4.93% |
| St. Rose Volunteer Fire Dept., Inc. | \$2,500 | 15.34% |

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
PARADIS, LOUISIANA

Notes to the Financial Statements
As of and for the year ended December 31, 2013

The department receives a monthly base amount of \$2,500 plus 4.93% of the remaining funds. The total revenue under this agreement for the year ended December 31, 2013 was \$120,726. Sales tax receivable at December 31, 2013 consists of the Department's share of the 1/8th cent sales tax for the month of November 2013, collected on or before December 20, 2013 by the St. Charles Parish School Board and remitted by St. Charles Parish in January 2014.

NOTE 8. LEASES

The department has two capital leases for the two pieces of land that its stations are on. The first lease is for the piece of land where Station #1 is located. This lease is with Ms. Margaret Dewitt and states that the department may use the land exclusively at no cost as long as it is providing fire protection. The second lease is for the piece of land where Station #2 is located. This lease is with Texaco and states that the department may use the land exclusively at no cost as long as it is providing fire protection.

NOTE 9. RISK MANAGEMENT

The department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; illnesses or injuries to its volunteers; and natural disasters. The department has purchased commercial insurance to cover or reduce the risk of loss. No settlements were made during the current or prior three fiscal years that exceeded the department's insurance coverage.

NOTE 10. SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through June 20, 2014 which is the date the financial statements were available to be issued.

NOTE 11. LITIGATION AND CLAIMS

At December 31, 2013, the department had no litigation or claims pending.

Supplemental Information Schedules

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
Paradis, Louisiana

Statement Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Fund
For the Year Ended December 31, 2013

| | Private Contributions Fund |
|---|---|
| REVENUES | |
| Private contributions | \$ 600 |
| Interest | 21 |
| Total revenues | <u>\$ 621</u> |
| EXPENDITURES | |
| Current: | |
| Installation of officers | \$ 200 |
| Miscellaneous | 411 |
| Meals | 434 |
| Total expenditures | <u>\$ 1,045</u> |
| Excess of revenues over/(under) expenditures | \$ (424) |
| Fund balance | |
| Beginning of year | <u>11,024</u> |
| End of year | <u><u>\$ 10,600</u></u> |

Reports by Management

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.

Summary Schedule of Prior Audit Findings As of and for the Year Ended December 31, 2013

Section I - Internal Control and Compliance material to the financial statements

Ref. No.

1212-01

Description of Finding

Inadequate Segregation of Duties

The size of the Paradis Volunteer Fire Department, Inc.'s operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

This is a common deficiency noted in audits of small entities. The Department's office does not employ enough people in its accounting department to adequately segregate duties such as approving purchase orders, approving invoices for payment, printing checks, recording checks, signing checks, mailing checks, and reconciling bank statements. This is one example of the circumstances that resulted in the finding.

Corrective Action Plan

This deficiency cannot be remedied in a cost effective manner.

Name of Contact Person

Angela Dufrene, Treasurer

Anticipated Completion Date

None

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.

Summary Schedule of Prior Audit Findings As of and for the Year Ended December 31, 2013

Ref. No.

1212-02

Description of Finding

Inadequate Controls over Financial Statement Preparation

A material weakness exists in financial reporting because the Department does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Corrective Action Plan

Management has evaluated the cost versus benefit of hiring a person who has the qualifications and training to apply generally accepted accounting principles in the preparation of financial statements. Management has determined that it is in the best interest of the Department at this time, to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them. Management understands that it accepts final responsibility for the financial statements content and presentation.

Name of Contact Person

Angela Dufrene, Treasurer

Anticipated Completion Date

None

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.

Summary Schedule of Prior Audit Findings As of and for the Year Ended December 31, 2013

Section II - Management Letter

No management letter was issued in the prior year.

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.

Summary Schedule of Current Year Audit Findings As of and for the Year Ended December 31, 2013

Section I - Internal Control and Compliance material to the financial statements

Ref. No.

1213-01

Description of Finding

Inadequate Segregation of Duties

The size of the Paradis Volunteer Fire Department, Inc.'s operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

This is a common deficiency noted in audits of small entities. The Department's office does not employ enough people in its accounting department to adequately segregate duties such as approving purchase orders, approving invoices for payment, printing checks, recording checks, signing checks, mailing checks, and reconciling bank statements. This is one example of the circumstances that resulted in the finding.

Corrective Action Plan

This deficiency cannot be remedied in a cost effective manner.

Name of Contact Person

Hannah Dufrene, Treasurer

Anticipated Completion Date

None

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.

Summary Schedule of Current Year Audit Findings As of and for the Year Ended December 31, 2013

Ref. No.

1213-02

Description of Finding

Inadequate Controls over Financial Statement Preparation

A material weakness exists in financial reporting because the Department does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Corrective Action Plan

Management has evaluated the cost versus benefit of hiring a person who has the qualifications and training to apply generally accepted accounting principles in the preparation of financial statements. Management has determined that it is in the best interest of the Department at this time, to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them. Management understands that it accepts final responsibility for the financial statements content and presentation.

Name of Contact Person

Hannah Dufrene, Treasurer

Anticipated Completion Date

None

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.

**Summary Schedule of Current Year Audit Findings
As of and for the Year Ended December 31, 2013**

Section II - Management Letter

No management letter was issued in the current year.

**OTHER REPORT REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**Board of Directors
Paradis Volunteer Fire Department, Inc.
Paradis, Louisiana**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the government activities, each major fund, and the aggregate remaining fund information of the Paradis Volunteer Fire Department, Inc. (the department) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the department's basic financial statements and have issued our report thereon dated June 20, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control. Accordingly, we do not express an opinion on the effectiveness of the department's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of current year audit findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of current year audit findings to be material weaknesses, see findings (1213-01 and 1213-02).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the department's financial statements are free from material misstatement, we performed tests of its compliance with certain

provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Departments Response to Findings

The department's response to the findings identified in our audit is described in the accompanying schedule of current year audit findings. The department's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Thibodaux, Louisiana
June 20, 2014